The MORTGAGE BANKER

VOL. 6—No. 1

MBA MORTGAGE BANKERS ASSOCIATION OF AMERICA ORGANIZED 1914

OCTOBER, 1945

What I've Learned About Advertising

By W. WALTER WILLIAMS

THE PROBLEM of how a mortgage banker may best sell his wares is distinctly different from that of a merchant selling automobiles, ready-to-wear dresses or vitamin pills. In our office we most certainly do not pretend to know all the answers and freely admit that we are probably more or less blundering along in a hit and miss fashion in our attempts to determine how best to advertise what we have to sell. We'll certainly welcome ideas from others.


W. W. WILLIAMS

Well, what *do* we have to sell? Nothing as tangible as refrigerators, radios or laxatives—spelled backwards or forwards. No, we just have the intangibles of financial credit and service to sell—the kinds of commodities designed to bring comfort and pleasure to the buyer by making possible the realization of a life-long desire: a home.

What kinds of media are best? We think we've tried them all—all but streetcars. I don't know how we missed them. Here's our experience record:

Radio: Yes, we've used radio. The results were not too satisfactory. Too large a percentage of resulting inquiries were from outlying areas—on properties and in areas entirely lacking in qualifications for loans of the type we are prepared to make. Furthermore, the time consumed in explaining to those who inquired that we could not serve them was a net loss—except perhaps that it helped to keep our counter men in practice. Doubtless some value from institutional advertising was derived from our radio experience, but we could trace little or no direct benefit to this method of soliciting business.

Billboards: We've used billboards to a limited extent. We've never been quite sure whether anyone else reads them other than the officers of our Company and their wives—oh, yes, and the man who sold us the idea. We do have a sneaking idea, though, that maybe some real value is derived from this sort of advertising, measured wholly, or practically wholly, from the institutional advertising viewpoint. We'll go stronger than that and say that we're really pretty well convinced a well-designed, well-timed, 24-sheet poster display does drive home to the public increased recognition of who we are and how we may serve them.

Direct Mail: We have used this medium to a limited extent only. The cost is high, of course, if accurate lists are used and if a quality job is done. We have obtained some definite results here

(continued page 6)

It's a pretty safe bet that from now on mortgage lenders will be thinking more and more about advertising. With new construction not too far away and the prospect that sometime in the not too distant future we will be back doing a normal mortgage business, reaching the public with the right kind of sales message is going to have a more prominent place in the operation of your company.

In this lead article, Mr. Williams tells you in considerable detail what his experience has been in advertising—and, as you will see, he has done a good volume of it and has tried practically all the media. His experience seems to parallel that of others with whom we have talked. His rating of media for mortgage houses is, we believe, sound and one you can follow.

As members know, Mr. Williams is a past president of MBA and has long taken an active part in Association affairs. He is a former president of the Seattle Chamber of Commerce and has been active in various activities of the U. S. Chamber of Commerce. Living in a city where a tremendous volume of war work was concentrated, he has been pretty busy with activities outside his mortgage business. It is significant that he has continued his advertising during the wartime period.

SEE MBA CONVENTION ANNOUNCEMENT PAGE 8

HOME ACCIDENTS
have a vital significance for
MORTGAGE LENDERS

By WILLIAM DAVIDSON

YOU'VE READ about those Japanese booby traps — carefully hidden away in the hope that our American boys would step on them, causing an explosion in their faces. This and other practices of modern war seemed dreadfully dangerous to civilians but do we ever stop to consider the booby traps in our modern homes?

Before reaching the front door of our home we encounter 10 per cent of all household falls. These occur on the steps and porch level. Correction lies in better lighting, protection from the weather in cold climates and a sturdy handrail if there are more than two steps.

Over 80 per cent of home accidents affecting people 65 years old and over are falls. Youngsters under five years of age are injured from tumbles more than any other type of accident. Carpeted floors are safer for both young and old than the use of throw rugs on polished hardwood floors.

Half of all the tragic falls at home involve accidents on stairways which account for about 5,000 deaths each year. Why? Because in a great many cases the stairs are unsafe. Many stairways are not equipped with a continuous handrail and if the steps are not uniform in size, falls result.

A safe stairway is based upon certain prescribed measurements of risers and treads. Stairs must afford a gradual ascent if children and elderly people are to use them safely. This is one of the most serious booby traps in the average home.

The principal hazards in living and dining rooms are small rugs on polished floors, poorly placed furniture for easy passage, long floor lamp cords, unprotected fireplace, and failure to provide light ahead when passing through the main rooms.

Small rugs on polished floors can be anchored by the use of pads. All rugs should be sized on the under side by the manufacturer. Rooms should have well-defined paths for free circulation without the danger of striking against stray pieces of furniture such as hassocks or chairs.

Ninety-five per cent of homes need some electrical changes to bring them up-to-date. Insufficient utility outlets make it necessary to use long floor lamp cords which are a constant menace to human safety. Dual switches in the main rooms will make it possible to keep light ahead of you.

The kitchen is where both joy and sorrow abound. The joy comes from attractively prepared meals and the sorrow is contributed by more cuts, burns and falls than occur in any other room in the house.

Children are the innocent victims of a great many of the burns and scalding accidents because toddlers can reach the handles of pots and pans on the stove. Handles should not extend over the edge of the stove, but should be turned to the side or rear. Sharp kitchen knives should be stored in a slotted rack or box — not in a cabinet drawer.

Last year 400,00 homes were destroyed by fire and these families had to find shelter at a time when America was faced with its most serious house shortage.

Home furnishings, washing machines, refrigerators and many other items could not be replaced. *Many of these fires actually started 20 years ago when the houses were designed*—which is something for mortgage men to think about right now when they are getting ready to finance the greatest home-building boom in history.

Fire-stopping in hollow outside walls is an essential item of construction in preventing or restricting fires. Walls and partitions can be effectively made fire-resistant so as to prevent fires from gaining headway inside of the walls. This is a simple, inexpensive safeguard which should be thought of while the home is still in the plan stage.

Every year among the five million household accidents there are almost as many children — under 5 years old — killed by poisons as there were fatalities in the famous Chicago Iroquois Theater fire.

We think Mr. Davidson's article warrants the careful attention of every mortgage lender and particularly those who will be making construction loans and doing some building themselves. As the author points out, the accident toll inside the home is a heavy one and each year becomes more and more a burden on our whole national life. It is over-shadowed to an extent by automobile accidents but in any event it has first call on a mortgage man's attention.

In these new houses which will shortly be going up all over the country, we ought to make every effort to build them so that accidents will be reduced to a minimum. After all, when a mortgage man makes a loan, he wants to see that loan remain in good standing; the death of the family head won't contribute much to that objective. So, if for selfish reasons alone, what Mr. Davidson has to say seems important to us.

In the May Issue of The Mortgage Banker, we reported the results of MBA's initial conference with members of the Home Safety Division of the National Safety Council which was also attended by representatives of the U. S. League, Home Builders, NHA, Purdue's Research Foundation and other interests. Mr. Davidson, who wrote this article especially for The Mortgage Banker, is the organization's architectural engineer.

Bottles and cans of insecticides, ammonia, toilet solvents, clothes bleach, etc., should always be stored on a special shelf beyond the reach of children.

It is essential that the basement stair use the same tread and riser measurements as the main stairway so that uniform "body rhythm" can be developed in their use.

The construction of chimneys and flues, the placing of heating equipment and piping and the safe-guarding of floors and adjoining partitions should meet the construction standards of the National Board of Fire Underwriters.

Ashes should be stored in metal containers and paper and magazines should not be permitted to accumulate and become a fire hazard.

Through a program of education among St. Louis homemakers, the Safety Council of Greater St. Louis reduced its accident rate 40 per cent last year. This illustrates what can be accomplished in a community when it once decides that the crippling and deaths within its homes must stop and now!

The mortgage banker is, of course, concerned with the safety of the borrower and his family because home accidents are greater than those which occur on all streets and highways or in all of the factories of America. Accidents deprive the home owner of his full earning power and many times make it impossible for him to meet obligations previously incurred.

Another borrower goes down—and this time he may not get up. If they have to carry him out feet first, somebody's loan isn't going to be as good a loan as he thought it was. Houses can be designed to greatly reduce the total of home accidents and it is good business for the mortgage lender to do his part in seeing that they are so designed.

People and Events

Lieut. Melvin F. Lanphar has been promoted to the rank of Lieut. Commander and been given a new assignment involving the coordination of industrial incentive activities within the Ninth Naval District . . . Lieut. Commander Lanphar is president and treasurer of Melvin F. Lanphar and Company in Detroit.

The first combination GI-FHA loan in Allegheny county was made by the **Pittsburgh Mortgage Corp.** of which **H. V. Silberstein** is secretary . . . **Joseph M. Dodge,** president of **The Detroit Bank** and a nationally recognized authority on mortgage lending, is in Germany acting as financial advisor to the American commander . . . MBA members who knew him will be grieved to know of the recent death of **Vernon O. Wroolie,** former vice president in charge of the real estate loan department of the **Security-First National Bank** in Los Angeles . . . his widow and a son survive . . . we're late in telling it but it's worth recording anyhow: **Arthur J. Paterson** won the Past President's Silver Cup at the **Chicago MBA** summer outing with a score of 79 which was exactly his score last year when he also won the cup . . . one more victory and it's his for keeps . . . the heady wine of victory this year is slightly tempered by the fact that **W. Clow** also shot a 79 and Paterson won the coin flip . . . and, as we previously reported, the Correspondents team beat the Bankers at softball . . . the winning nine included Jim Collins, Tom Purcell, Walter Berg (umpire), Frank Shugrue, Ward Gauntlett, Larry Goelzer (captain), Fritz Merena, George Lill, Willard Allen, John Flynn, and Cecil Clark.

Burlye B. Pouncey has been appointed manager of the mortgage loan department of Guardian Life to succeed **Robert McDowell** who retired after 47 years' service. Pouncy has been assistant manager since 1932. He joined the Guardian in 1924 as assistant superintendent of the mortgage department. In 1932 he was appointed asst. manager and an officer of the company.

(*continued page 8, col. 1*)

Larger SEC Exemptions for New Issues Will Stimulate Individuals' Buying

By L. E. MAHAN

I FULLY subscribe to the policy of rigid control in the distribution of securities to the public. In the interest of a sound national economy, we must do everything possible to avoid a recurrence of the loose methods which prevailed in the sale of real estate securities in the 20's and which resulted in such great losses.

When I appeared before the Subcommittee on Housing and Urban Redevelopment of the Special Committee on Postwar Economic Policy and Planning of the United States Senate (Taft Committee), I made this observation:

L. E. MAHAN

> "Following the last war, a very unfortunate development of apartment house building broke out in a speculative field which brought financial ruin to a large number of investors in real estate mortgage bonds. There was practically no control over the distribution of these securities by the state or federal governments, and it was a new venture in the investment field which was entered into under the guise of conservative first mortgage loans. Fortunately, we now have the control of the SEC in the distribution of this type of investment, and we do not anticipate that following this war a similar type of speculation will develop."

Since FHA was established, the purchase of real estate loans is centered largely in institutional investors. New mortgages made since 1934 are held almost universally by insurance companies, banks, trust companies and similar institutions. The market which formerly prevailed among individual investors has been largely lost.* Likewise, since the enaction of the Securities and Exchange Act, there have been practically no real estate bond issues originated or distributed.

There is no accurate data showing the total volume issued, but figures published by the Commercial & Financial Chronicle indicate that from 1932 to 1944, there were never more than $36,000,000 of such securities sold in any one year, and these were chiefly refunding issues.

Practically no new capital has entered this field since 1932; and, except for an occasional refunding issue, no securities of this type are in the market, although there is a tremendous amount of available capital in the hands of individuals and corporations seeking investment.

It is also a fact that in some areas the housing pendulum has swung too far toward the development of individual homes. The time has come when more attention should be given to rentable units for the immigrant or transient dweller. Every large metropolitan area has a sizeable transient population. I believe developments of recent years indicate that this class of citizen is likely to increase, although there are no accurate figures to show the percentage of gain. We do know, however, from past experience, that it is the tendency for city populations to become more mobile after a war and during periods of expansion.

In many communities, new apartment houses and hotels are needed, and I believe that very serious consideration should be given to changing the requirements of the Securities and Exchange Act to exempt from registration issues up to $500,000.† Most of the requirements covering the sale of securities under the SEC are applicable to larger issues in excess of $1,000,000, which were usually sold by a nationwide syndicate whereas issues up to $500,000 usually have a local market and can be absorbed in the city in which the improvement is located.

The expenses of registration with the SEC, as any investment banker will verify, are not small by any means. Many thoughtful people such as Sen. Vandenburg of Michigan, have con-

---

* In the sense that individual investors haven't been nearly so important as mortgage buyers in the past quarter century as they were previously, Mr. Mahan states a fact that every mortgage lender knows to be true; but right at the moment, "individuals" are playing a bigger role in the mortgage market than most people realize. As R. V. Clarke pointed out in the August *Local Chapter News*, "individual lenders are taking over, to an increasing extent, the real estate lending business". He backed up this statement by saying that the first four months' mortgage recordings were up 17 per cent with all classes of lenders showing a gain except the insurance companies which had a 9 per cent decline. But it was individuals which showed the big gain—an increase of 32 percent.

The latest available information reveals "more of the same". For the first six months of 1945, non-farm mortgages recorded totaled $2,557,000,000, 18 percent more than for the first half of 1944 and 15 percent more than the first half of 1941, the previous post-depression peak for those months. Average loan was $3,372, 18 percent above the average for the first six months of 1941. All lenders showed increases with the exception of insurance companies which registered a decline of 6 percent. The largest increase was again reported for "individual lenders" with a 30 percent gain. Mutual savings banks were next with a 23 percent gain, followed by savings and loans with a 21 percent gain. "Individuals", incidentally, recorded 26 percent (241,149 loans aggegating $673,781,000) of all loans in the first half of 1945.

Of course, we all know that one reason is the inflationary condition of the market and there are other abnormal factors, so Mr. Mahan's long-range opinion still stands.

† An explanatory note is needed here. Mr. Mahan wrote his article for *Tomorrow's Town* several months ago but it was only published in the magazine's Summer issue mailed late in August. Since he wrote it, congress has passed legislation which the president approved on May 15, 1945 (Public Law No. 55) which raises the exemption from $100,000 to $300,000. Mr. Mahan had advocated $500,000 but tells us he has no quarrel with the $300,000 figure because he believes that a step in the right direction has been taken. He was the only one who appeared before the Taft Committee to recommend this change as far as we know. Just why *Tomorrow's Town* would publish in late August a symposium recommending a legislative change which had already become effective three months ago is not clear.

The law now makes it possible to float a public offering of securities of $300,000 and under without expensive SEC registration but a large stockholder wishing to dispose of a portion of his holdings through investment banking channels is still held to the $100,000 limit (and there have

(*footnote con'td on page* 5)

tended that the $100,000 limit should be raised. Earlier this year he proposed that it be increased to $300,000 and he might have received quicker action had he not tied his proposal to the $100,000,000 FHA authorization with which it had little direct relation. Certainly a proposal such as I suggest here would do much to encourage venture capital in our field; and I believe that we will need this type of encouragement in the postwar period.

We have learned from the past that the great investment losses of this type were caused, first, by over-appraisals; second, by too ambitious estimates of earnings; and third, by the promoters issuing certificates to the full value of the property with no risk capital involved. If these hazards can be overcome (and it should be possible) there is no reason why investments of this type should not be just as safe as investments in mortgages secured by individual homes. We all recall the period preceding World War No. 1 when these securities were well received, in great demand, and were issued without loss to the investing public over a long period of years.

The great expense involved in the distribution of these securities under prevailing regulations is in the legal costs and in the preparation of the registration statement and prospectus. The cost of distributing a $200,000 issue can be the same as that for a $3,000,000 issue, as often the same amount of legal processing is involved. The prospectus itself is not the element which makes for a sound security—it is proper appraisals, sound construction and sufficient experience in management, coupled with an actual investment in the property by the borrower, whether individual or corporation.

I am convinced that proper controls can be set up to protect the investing public.

The purpose of this article is to invoke thought on the subject and to encourage a study of the problem by those associations concerned with this type of security and investment. I further believe that it would be an added means of relieving the acute housing situation in many cities.

---

been a host of such deals in recent years, especially in 1944 and 1945, when many were dubbed "bail-outs".)

The SEC, on May 22, in announcing its plans for issues of $300,000 and less, emphasized that "the Commission's action is of a temporary nature", and then went on to say that the "Commission feels that, on the basis of the experience with the old Regulation and in view of conditions now developing, it may be necessary to modify this temporary regulation or to prescribe additional rules for offerings up to $300,000, and if so it will make such changes as may be deemed necessary."

This lengthy footnote seemed necessary to properly explain that Mr. Mahan's idea is just as worthy of careful consideration now as it was when he suggested it, particularly in view of the great volume of postwar financing of all kinds just around the corner. The question now seems to be: Is the $300,000 limit satisfactory or should congress again raise it?

Some Applaud Idea but Others Say There Is No Actual Need for Any Change Right Now

MR. MAHAN'S view on the subject of raising the exemption of $100,000 for new security issues which do not have to be registered with the SEC met varying responses from three others who participated with him in discussing the matter in the summer issue of *Tomorrow's Town.*

Alexander M. Bing of New York thinks that "if a method can be devised for the inexpensive distribution of these securities, carrying moderate interest rates and if their issuance can be carefully and effectually supervised — a combination extremely difficult to realize — then such securities would be very useful both as a vehicle for the investment of funds of persons of moderate means and as a method of real estate financing. I would favor giving the supervising authority jurisdiction of all such loans, no matter what their size and would forbid their issuance until it is abundantly clear that the above conditions can be satisfied."

Charles F. Noyes, prominent New York real estate man who once addressed an MBA Clinic, and Herman Berniker, first vice president of Lawyers Title Corporation of New York, in a joint article declared that:

"Today's trend in urban development appears to offer increasing evidence that real estate securities are not desirable for the small investor. Economic expediency, demanding large scale operation, shows ample signs of approaching a point where it also may dictate streamlined financing.

"Banks, life insurance companies and other financial institutions, under the supervision of state officers, have the funds, the experience and the trained personnel to finance our postwar construction and refinancing requirements. In a real sense, these institutions act as custodians of public funds; they make their loans with the moneys of policyholders, depositors, small investors.

"In the last analysis, to concentrate on the sale of small participations in real estate investments when our established lending machinery is so well geared to meet the need, gives all appearance of being out of step with the trend—the trend toward larger, more efficient and secure projects."

Robert F. Bingham of Thompson, Hine and Flory, a man also well known to many MBA members, heartily approves of the suggestion.

"It has never seemed to me", he said, "that it is essentially important to have real estate securities under the same rigid controls as general market securities which are traded in on stock exchanges. I am in favor of relaxation of the regulations of the Securities and Exchange Act, in harmony with the objectives set forth. Mr. Mahan has pointed out that since the creation of FHA, relatively few real estate loans are sold in the general market and there is a paucity of individual investors in this type of security. The experienced mortgage lender, that is, the insurance company, the bank, the trust company and similar institutions, do not need the protection which the individual investor needs. These lenders themselves have facilities for the appraisal of the security and experts to determine the quality of the loan."

and are inclined to believe we should expand this method of business-getting. It's a rifle-shot method of going after specific prospects, specific areas and specific properties. These comments especially concern mortgage advertising as applied to residences. However, it might be noted that for drumming up commercial property loan prospects, direct mail moves well up toward top position of desirable business promotion techniques.

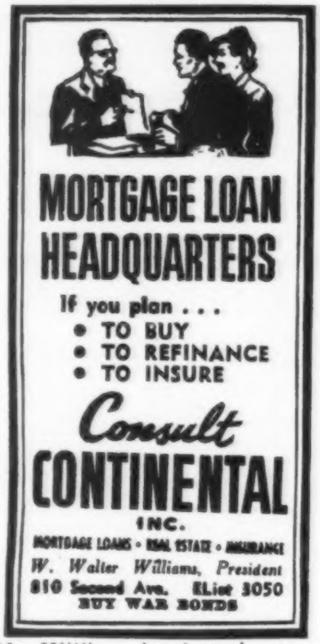
Newspapers: For all around advertising purposes, we believe the daily newspapers provide the most complete coverage for the money expended. Of course, here again the expenditure must be considered as being mainly for institutional advertising. But regular use of display advertising with copy thoughtfully prepared either by an advertising agency or someone in the mortgage firm who has the know-how in this field does, we believe, gradually drive home a story to the readers of the papers. We've used newspaper copy for special purposes: year-end messages, war messages, and to ballyhoo our participation in housing expositions (see below, if interested). Steady, regular newspaper advertising has the particularly distinct advantage of presenting the firm's name in a low tone of voice, but continuously, instead of with a loud shout once a year. Most people don't negotiate a home mortgage loan many times in a lifetime. They might miss knowing where to go when they're ready to do business unless some medium kept bombarding them regularly. We think the daily newspaper does this job better than any other one medium.

Miscellaneous: We've used quite a variety of miscellaneous advertising and business promotion ideas and articles. Here are some of them:

1. *Inserts.* Enclosures with outgoing mail are always prepared by our advertising agents. We believe it money well spent to have such jobs prepared by those who are experts in this line.

2. *Blotters.* Some blotters have been prepared for use as inserts in the mail; others for personal distribution. The message on these blotters is changed constantly of course.

3. *Automatic Pencils.* One of the most satisfactory pieces of specialty advertising we ever used was a relatively



Mr. Williams has kept the name of his firm before the public with consistent advertising of this type.

inexpensive automatic pencil. We distributed several thousand of these. They were unusually well received.

4. *Cigarette lighters.* A clever, not very expensive job—also well received. Funny thing, too, they really worked!

5. *Key Chains.* Ditto, 3 and 4 above. Not so well received, however.

6. *Calendars.* We've used the regular annual hang-on-the-wall, orthodox type and we've also used some desk styles. One of the most effective pieces of advertising along this line was a rather expensive day-by-day calendar — the kind where each day the date is slipped over and where anyone who can and cares to read may quickly know the day's date. We found these were very welcome in public offices and other places of prominence. They last for several years, incidentally.

7. *Christmas Cards and Letters.* You all know about these. The usual stuff but pretty good if they are directed in a rifleshot method to the right folks with personal messages in special cases.

8. *Housing Exposition Booths. In* pre-war days we participated regularly in the annual housing show by building an attractive booth. The booth itself would cost several hundred dollars. Literature to be distributed—or possibly business promotion merchandise — would swell the total cost. But direct and indirect results made us feel the expenditure was warranted.

9. *Books with Designs for New Homes.* In connection with item 8, we have used some well prepared and rather expensive booklets on home design with estimates of cost of construction. These were well received and were particularly valuable because almost invariably the inquiries for them were from people who really were working on the problem of building a home for themselves.

10. *Display Booth at Master Builders' Association Office.* The Master Builders maintained, pre-war, a year-round exhibit of interest to the home owner and home builder. We maintained a year-round booth in these display rooms of the Master Builders.

11. *Office Window Display.* Our office has a ground floor location. We engage the services of an expert window dresser. We confer with him as to kinds and details of messages we wish our window display to tell the passersby. Results are variable. Recently an overseas display of German articles—knives, guns, helmets, money, etc., — was installed. It attracted great numbers of people. Suitable messages on lettered cards pertaining to our firm's business were placed in the window. Results from window displays are hard to evaluate. Institutional advertising again, we suppose.

Another window display which recently attracted much attention and from which we felt we derived considerable value related to the building of postwar homes. A few weeks ago *Life* Magazine devoted 24 pages to the matter of postwar homes. Our window expert cut out these sheets, mounted them skillfully and artistically, and filled the whole window with them. A suitable card acknowledging *Life* Magazine as the source of this material was placed in the window as were also some specially worded cards inviting the looker to "Consult Continental" when it came to solving his own postwar housing problems.

So much for media and various tech-

(*continued page 8, column 2*)

The MORTGAGE BANKER

Published Monthly at 111 West Washington Street, Chicago 2, by the

MORTGAGE BANKERS ASSOCIATION OF AMERICA

BYRON V. KANALEY *President* — GUY T. O. HOLLYDAY *Vice President* — GEORGE H. PATTERSON *Secretary-Treasurer* — G. H. KNOTT *Editor*

THE MORTGAGE BANKER is distributed free monthly to members of the Mortgage Bankers Association of America. Publications may reproduce material appearing in the magazine only by permission of the Association. Opinions expressed in THE MORTGAGE BANKER are those of the authors or the persons quoted and are not necessarily those of the Association.

OCTOBER, 1945

SEC registration expense heavy for small offerings

It first occurred to us that members might think that the subject of Mr. Mahan's article on Pages 4 and 5 is pretty theoretical during these times when more pressing matters demand immediate attention — things like the bitter fight over eliminating L-41, the tremendous potentialities of the Wagner-Ellender Bill and the postwar changes in FHA that may be necessary. Our own studied opinion, however, is that the suggestion is worth serious consideration now because it is not inconceivable that, in the expansion of the immediate years ahead, many of us will want to handle some loans on a public offering basis.

We checked a little deeper to determine the extent of exempt offerings now. We asked the Securities and Exchange Commission to work up some data for us and they willingly complied.

The tell us that during July there were 63 exempt offerings of $300,000 and less aggregating $7,631,277 and 67 for June aggregating $8,490,668. Those figures aren't as small as we thought they would be. They also report that exempt offerings, based on the original $100,000 limitation, for the past three fiscal years of the government, were:

For Period Ended	Number	Total
June 30, 1943	353	$17,986,987
June 30, 1944	427	21,933,994
June 30, 1945	578	38,848,893

Mr. Mahan says the expense of SEC registration imposes a heavy burden on small security offerings. That's true of course and National Industrial Conference Board has just confirmed it in a special study.

"Requirements are such that regulations offer a serious handicap to the formation of new small business. The legal fees necessary for preparing the data required by SEC on a small issue floated three years ago amounted to 7½ per cent of the cash ultimately received from the issue, and on top of this were brokerage fees," one official said.

The Board offered a three point program for simplifying and improving corporate financing registrations,

First, fewer details as to location and construction of plants, principal contracts, and stock holdings.

Second, changing requirements to give the investor the chief facts rather than a long and highly involved prospectus which few investors read and fewer understand. This could be done in a summary prospectus, the complete document to be made available on request.

Third, exemption of corporations listed on the New York Stock exchange or some equally reputable body which requires filing of financial details.

These changes are advisable because too much information is required and in some cases publicity in regard to it would damage the corporation; disclosure of salaries of officials is probably undesirable; costs of compliance are excessive; excessive liability is imposed on officers; financing takes too much time, and the SEC attempts unreasonably to regulate corporate business.

Now that L-41 has been lifted and a period of extensive new building will soon begin, this subject may not be academic at all.

Over 700 banks participate in new type farm loan plan

MBA members interested in farm mortgage lending have been watching the plan of The Equitable Life inaugurated a year and a half ago. The company has just reported the degree of success it has had with this new type loan. Seven hundred and six banks have subscribed to the plan, thus giving it "national coverage".

The fully amortized loan is the most popular type made, R. I. Nowell said, and the ratio of this type is ten to one over the straight loan. The fully amortized loans are written for periods of 20, 26, 33, 36 and 40 years, while straight loans are written for five, ten and fifteen years.

"Some banks have a farm man in their organizations who is calling on farmers and becoming acquainted with the properties in his territory and such banks have created a great deal of new business".

This new business includes chattel mortgages, crop and other types of loans, for an average of about $8,000 per loan, Nowell said.

He cited the case of an up-State New York bank which began using the Equitable plan in April and in the first two months wrote $100,000 of farm loan business. To date it has written $175,000 with the Equitable.

The Equitable supervisor's functions are to inspect the property under consideration, make the appraisal and even close the loan, if satisfactory, in amounts up to $25,000. In cases where the farmer needs his money quickly, this service has been very beneficial to the lending banks, especially in cases where their own "farm man" has previous knowledge of the property and feels reasonably sure that the "field supervisor" will accept the loan for the Equitable.

Springing surprises has become almost a habit with The Equitable these days. Revelation of how the farm plan is going was closely followed by an announcement that the Company will waive one years's interest on the first $2,000 of any loan made to a veteran for purchasing a home or farm.

People and Events

(continued from page 3)

Peter V. Cloke, who becomes assistant manager, has been a member of the mortgage department since 1931.

As a footnote to the MBA 1945-46 election (covered in detail in September *Local Chapter News*) which was the most "popular" the Association has ever held from the standpoint of the number of votes cast for the nominees, some members are wondering if it wouldn't be a good idea to try the same plan again.

The advantages they cite are that through this method members have an opportunity to carefully examine a written report of those proposed for election, study their qualifications and then take whatever action is indicated. In past years, elections have usually been held the last day of the convention when many members were either at other functions or preparing to catch trains for their homes.

This probably won't interest anyone but the editor but, anyway, this issue begins the sixth volume (24 issues each) of *The Mortgage Banker*. The January, 1946 issue will mark the beginning of our eighth year of publication, the difference being that we first published semi-monthly and in recent years only once a month. You've forgotten it, of course, but the predecessor of *The Mortgage Banker* was *Review of the News*, published in mimeographed form for two issues in late 1936. It was then changed to the *MBA News Review* and published in printed form until December, 1938. The next month we started *The Mortgage Banker* and it's been coming at you ever since—with what success we've often wondered.

Detroit MBA will hold a one-day Clinic October 11, according to an announcement by Walter Gessell, chairman of the committee arranging the meeting. Morning and afternoon sessions will be held, followed by a dinner meeting. At the Chapter's last meeting, members heard **Roland A. Benge,** vice president of The Detroit Bank, speak on real estate investments.

Minneapolis MBA set an excellent record this year in membership. The Chapter started with 28 members and ended with 46. **President Fred L. Chapman** organized the effort and all officers went to work. Mr. Chapman's idea was to make the Chapter of greater service to members, especially along educational lines, and avoid controversial matters such as who is over-appraising and paying commissions to builders. The formula worked.

The **New Jersey MBA** has just published the best roster of members now issued by any chapter, in our opinion. Each member is listed with all data about his firm including officers, man in charge of mortgages, type of loans made, territory served, clientele and other business activities. All chapter officers are listed along with members of the legislative, membership, FHA, uninsured loans, meetings and publicity committees and the text of the constitution and by-laws. The Chapter has members in 27 New Jersey communities and three in New York City.

Clem Groat, formerly of Hotel Hollenden, Cleveland, has joined **A. D. Fraser, Inc.** in the real estate management department . . . **William Grove** and **W. G. Albaugh** have been promoted in the same department . . . "Mortgage Loan Advances During Construction" is the title of a new booklet the ABA will shortly publish . . .

We ARE Having a Convention; It's New York November 15, 16 and 17 at Hotel New Yorker

Just about the best news this publication has been able to print in a year is the fact that, after all, we are going to have a 1945 convention. As members have been advised by letter, it is to be at the Hotel New Yorker November 15, 16 and 17. Actually it is only a two-day convention—Thursday and Friday. The last day, November 17, will be given over to meetings of the executive committee and board of governors. This was done to give members the maximum benefit with two full days of convention and not have one of them Saturday.

Our own enthusiastic opinion of the convention is being affirmed by wires and telegrams coming to the national office approving our quick action in securing hotel accommodations and calling a convention. Everyone seems to agree that this is a very important period for mortgage lending and the right moment to get together to review our mutual problems.

As this is written, our program is being arranged and you will receive announcements about it in a few days.

WHAT I'VE LEARNED

(continued from page 6)

niques. Nothing particularly new about all this — just a case of hammering away steadily and persistently with a lot of different kinds of approaches to the possible customer.

Not much need be said as to the *content* of these various advertisements. We have never felt it desirable to advertise rates. We believe the tendency on the part of all of us in the business to engage in the practice of advertising rates would simply tend to make for rate wars where the lenders collectively and individually are bound to lose. So we keep away from rates and try to couch our messages in such language that the prospective customer will feel we really can serve him—whatever his needs may be: whether financing new construction, financing the purchase of his home or reorganization of his present loan. "Come on in and see us and let us help you"—that's the general idea of our messages.

Conclusion: We believe in advertising and the expenditure of funds for business promotion. We believe, too, that money may easily be wasted if care and thought are not constantly exercised as to where the money is spent and what the messages say. We believe, further, that most of the money we mortgage bankers spend for advertising must necessarily be chargeable to "institutional advertising." We don't have bargain days or clearance sales and thus can't apply the same kind of advertising technique as do dealers in tangible merchandise. Again—we most certainly do not have all the answers in this important field of advertising and business promotion. We heartily welcome ideas from the other fellow.